SERFF Tracking Number:	*THPC-126632092*	*State:*	*Rhode Island*
First Filing Company:	*Tufts Associated Health Maintenance Organization, Inc., ...*	*State Tracking Number:*	
Company Tracking Number:	*2010-RI-050*		
TOI:	*H16G Group Health - Major Medical*	*Sub-TOI:*	*H16G.001C Any Size Group - Other*
Product Name:	*RI Rate Factor Filing*		
Project Name/Number:	*/2010-RI-050*		

Filing at a Glance

Companies: Tufts Associated Health Maintenance Organization, Inc., Tufts Insurance Company

Product Name: RI Rate Factor Filing	SERFF Tr Num: THPC-126632092	State: Rhode Island
TOI: H16G Group Health - Major Medical	SERFF Status: Assigned	State Tr Num:
Sub-TOI: H16G.001C Any Size Group - Other	Co Tr Num: 2010-RI-050	State Status:
Filing Type: Rate		Reviewer(s): Charles DeWeese, John Cogan
	Authors: Paul Hatch, Amanda Toth, Jonathan Bove, Patrick Ross, Olivia He, Peter Power, Haiyun Guo, Thomas Yeulenski	Disposition Date:
	Date Submitted: 05/17/2010	Disposition Status:
Implementation Date Requested: 01/01/2011		Implementation Date:

State Filing Description:

General Information

Project Name:	Status of Filing in Domicile: Authorized
Project Number: 2010-RI-050	Date Approved in Domicile:
Requested Filing Mode: Review & Approval	Domicile Status Comments:
Explanation for Combination/Other:	Market Type: Group
Submission Type: New Submission	Group Market Size: Small and Large
Overall Rate Impact:	Group Market Type: Employer
Filing Status Changed: 05/17/2010	Explanation for Other Group Market Type:
	State Status Changed:
Deemer Date:	Created By: Paul Hatch
Submitted By: Paul Hatch	Corresponding Filing Tracking Number: 2010-RI-050

Filing Description:

Attached is Tufts Health Plan's small and large group rate filing for January 1, 2011, as required by RI law. For any questions about this submission, please contact Haiyun Guo, Manager, Associate Actuary, at 617-972-9400, ext. 2091.

Company and Contact

SERFF Tracking Number:	*THPC-126632092*	*State:*	*Rhode Island*
First Filing Company:	*Tufts Associated Health Maintenance Organization, Inc., ...*	*State Tracking Number:*	
Company Tracking Number:	*2010-RI-050*		
TOI:	*H16G Group Health - Major Medical*	*Sub-TOI:*	*H16G.001C Any Size Group - Other*
Product Name:	*RI Rate Factor Filing*		
Project Name/Number:	*/2010-RI-050*		

Filing Contact Information

Paul Hatch, Contract Development Manager	paul_hatch@tufts-health.com
705 Mount Auburn Street	617-923-5665 [Phone]
Watertown, MA 02472-1508	617-972-9048 [FAX]

Filing Company Information

Tufts Associated Health Maintenance Organization, Inc.	CoCode: 95688	State of Domicile: Massachusetts
705 Mount Auburn Street	Group Code:	Company Type:
Watertown, MA 02472-1508	Group Name:	State ID Number:
(617) 972-9400 ext. [Phone]	FEIN Number: 04-2674079	

Tufts Insurance Company	CoCode: 60117	State of Domicile: Massachusetts
705 Mount Auburn Street	Group Code:	Company Type:
Watertown, MA 02472-1508	Group Name:	State ID Number:
(617) 972-9400 ext. [Phone]	FEIN Number: 04-3319729	

Filing Fees

Fee Required?	Yes
Fee Amount:	$80.00
Retaliatory?	No
Fee Explanation:	
Per Company:	Yes

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Tufts Associated Health Maintenance Organization, Inc.	$40.00	05/17/2010	36594700
Tufts Insurance Company	$40.00	05/17/2010	36594701

SERFF Tracking Number:	*THPC-126632092*	*State:*	*Rhode Island*
First Filing Company:	*Tufts Associated Health Maintenance Organization, Inc., ...*	*State Tracking Number:*	
Company Tracking Number:	*2010-RI-050*		
TOI:	*H16G Group Health - Major Medical*	*Sub-TOI:*	*H16G.001C Any Size Group - Other*
Product Name:	*RI Rate Factor Filing*		
Project Name/Number:	*/2010-RI-050*		

Supporting Document Schedules

Item Status: **Status Date:**

Bypassed - Item: Actuarial Certification - Life & A&H
Bypass Reason: not applicable
Comments:

Item Status: **Status Date:**

Bypassed - Item: Actuarial Memorandum - A&H Rate Revision Filing
Bypass Reason: not applicable
Comments:

Item Status: **Status Date:**

Bypassed - Item: A&H Experience
Bypass Reason: not applicable
Comments:

Item Status: **Status Date:**

Bypassed - Item: Exhibits - A&H
Bypass Reason: not applicable
Comments:

Item Status: **Status Date:**

Bypassed - Item: Premium Rate Sheets - Life & A&H
Bypass Reason: not applicable
Comments:

SERFF Tracking Number:	*THPC-126632092*	*State:*	*Rhode Island*
First Filing Company:	*Tufts Associated Health Maintenance Organization, Inc., ...*	*State Tracking Number:*	
Company Tracking Number:	*2010-RI-050*		
TOI:	*H16G Group Health - Major Medical*	*Sub-TOI:*	*H16G.001C Any Size Group - Other*
Product Name:	*RI Rate Factor Filing*		
Project Name/Number:	*/2010-RI-050*		

Item Status: **Status Date:**

Bypassed - Item: Health Insurance Checklist
Bypass Reason: not applicable
Comments:

Item Status: **Status Date:**

Satisfied - Item: Filing Materials - January 2011 Rate Submission

Comments:
Attached is Tufts Health Plan's small and large group rate filing for January 1, 2011, as required by RI law. There are 7 documents attached below for your review. For any questions about this submission, please contact Haiyun Guo, Manager, Associate Actuary, at 617-972-9400, ext. 2091.

Attachments:
2011 RI Administrative expense.pdf
2011 RI Administrative expense.xls
2011 RI trend factor.pdf
Administrative cost survey.pdf
health system improvement.pdf
provider payment survey May 2010 v2.pdf
RI 2011 trend factor filing 20100517.pdf

Tufts Associated Health Maintenance Organizations, Inc. and Tufts Insurance Company

2010 Approved and 2011 Requested Administrative Costs

	2010 Proposed		2011 Proposed		% Change	
	Small Group	Large Group	Small Group	Large Group	Small Group	Large Group
Total Estimated Member	35,942	56,738	37,020	58,440	3.0%	3.0%
Total Estimated Premium ($PMPM)	$ 371.98	$ 441.53	$ 409.38	$ 482.94	10.1%	9.4%
Total Administrative Cost PMPM	$53.30	$53.30	63.24	63.24	18.7%	18.7%
Breakdown of Administrative Costs ($ PMPM)						
a. Payroll and Benefits	$15.05	$15.05	12.92	12.92	-14.1%	-14.1%
b. Outsourced Services	$3.52	$3.52	3.02	3.02	-14.1%	-14.1%
c. Auditing and Consulting	$4.65	$4.65	3.99	3.99	-14.1%	-14.1%
d. Commissions	$12.30	$12.30	16.69	16.69	35.7%	35.7%
e. Marketing and Advertising	$1.75	$1.75	1.50	1.50	-14.1%	-14.1%
f. Legal Expenses	$0.12	$0.12	0.10	0.10	-14.1%	-14.1%
g. Taxes, Licenses and Fees	$8.20	$8.20	7.04	7.04	-14.1%	-14.1%
h. Reimbursements by Uninsured Plans	$0.00	$0.00	-	-		
i. Other Administrative Expenses	$7.71	$7.71	6.62	6.62	-14.1%	-14.1%
Total cost Containment Expense	N/A	N/A	4.90	4.90	N/A	N/A
Total Other Claim adjustment Expense	N/A	N/A	6.45	6.45	N/A	N/A

Notes:

1. An 8% administrative expense is assumed consistent with a fully mature block of business. The actual projected cost would be higher due to the start-up costs.
2. Broker Commissions were increased from 3% to 3.5%-4% in 2011 based on the membership mix and the graduated commission payment scale.
3. The total administrative cost increase 18.6% is driven by broker commission increases, premium taxes, and percentage of premium expense are higher due to premium increases.
4. The cost containment and other claim adjustment expense were embedded in all categories in the last filing, therefore there is no baseline for comparison for these two items.
5. Since the cost containment and other claim adjustment expense are now split from all other expense categories, and explictly listed in this filing, there are reductions to all other expense categories except commissions.
6. The expenses by category listed here are based on a bid view, which is different than the filing view as shown in question 2.

Tufts Associated Health Maintenance Organizations, Inc. and Tufts Insurance Company

Actual Calendar Year 2009 Fully Insured Commercial Administrative Costs

	2009 Filing
FI MM	**37,616**
Total Premiums	**$ 13,592,100**
Total general administative expense	$ 2,122,291
Total cost Containment expense	$ 200,430
Total othe claim adjustment expense	$ 263,773
Total Administrative Expenses	**$ 2,586,494**
Total Admin Exp Ratio	19.0%
Total Administrative Expense PMPM	$ 68.76
Breakdown of general adm expense	
payroll and benefits	$ 3.37
outsourced services	$ 0.01
Auditing and consulting	$ 5.92
Commissions	$ 17.44
Marketing and Advertising	$ 2.52
Legal Expenses	$ 0.08
Taxes, Licenses and Fees	$ 1.30
Reimbursements by Uninsured Plans	$ -
Other Admin Expenses	$ 25.77
Cost containment expenses	$ 5.33
Other Claim Adjustment Expense	$ 7.01
Total Self Insured Member Month	113,694

SERFF Tracking Number:	*THPC-126632092*	*State:*	*Rhode Island*
First Filing Company:	*Tufts Associated Health Maintenance Organization, Inc., ...*	*State Tracking Number:*	
Company Tracking Number:	*2010-RI-050*		
TOI:	*H16G Group Health - Major Medical*	*Sub-TOI:*	*H16G.001C Any Size Group - Other*
Product Name:	*RI Rate Factor Filing*		
Project Name/Number:	*/2010-RI-050*		

Attachment "2011 RI Administrative expense.xls" is not a PDF document and cannot be reproduced here.

Tufts Associated Health Maintenance Organizations, Inc.

Small Group Rate Filing -- Effective Date January 1, 2011

Historical Information

Experience Period for Developing Rates (1)	
From	**To**
N/A	N/A

Utilization Data by Quarter (Last 8 available quarters)

Quarter	End Date	IP Days	Member Months	Earned Premium	Incurred Claims Total	Incurred Claims IP	Incurred Claims OP	Incurred Claims Primary Care (2)	Incurred Claims Other M/S	Incurred Claims Rx	Loss Ratio
1 (oldest)	03/31/2009	-	-	-	-	-	-	-	-	-	-
2	06/30/2009	-	-	-	-	-	-	-	-	-	-
3	09/30/2009	2	606	191,989	174,982	13,307	25,241	11,167	104,485	20,782	91%
4	12/31/2009	14	1,276	402,183	314,517	53,336	52,941	33,228	124,476	50,535	78%
5	03/31/2010	15	1,526	478,703	515,032	72,490	109,570	55,750	211,282	65,939	108%
6											
7											
8											

Prospective Information

Trend Factors for Projection Purposes (Annualized)

2011

	IP	OP	Primary Care	Other M/S	Rx
Total	12.2%	11.2%	9.0%	8.6%	9.1%
Price Only	7.6%	7.2%	5.9%	3.4%	6.6%
Utilization (3)	4.3%	3.8%	3.0%	5.0%	2.3%

Total Medical	Total Rx	Medical + Rx
10.4%	9.1%	10.2%

The following items for the period to which the rate filing applies, by quarter:

Quarter	Beginning Date	Average % Rate Increase	Expected Medical Loss Ratio	Expected Contribution to Reserves	Administrative Expense Per Contract Per Month(4)	Average Commissions as PCPM or Percent
1	01/01/2011	12.3%	86.00%	0.00%	10.00%	4.00%
2	04/01/2011	12.7%	86.00%	0.00%	10.00%	4.00%
3	07/01/2011	11.4%	86.00%	0.00%	10.00%	4.00%
4	10/01/2011	11.5%	86.00%	0.00%	10.00%	4.00%

Notes:

(1) THP's RI claims data is not credible, therefore it is not used in rate factor development

(2) Reflects office visit expenses for both PCP and Specialist

(3) Utlization trend includes mix of services

(4) Includes 8% administrative expense and 2% premium tax. In the event that Rhode Island or the federal government enacts increases in premium taxes and/or assessments, Tufts Health Plan reserves the right to modify our retention load to include these changes

Tufts Associated Health Maintenance Organizations, Inc.

Large Group Rate Filing -- Effective Date January 1, 2011

Historical Information

Experience Period for Developing Rates (1)	
From	**To**
N/A	N/A

Utilization Data by Quarter (Last 8 available quarters)

Quarter	End Date	IP Days	Member Months	Earned Premium	Incurred Claims Total	Incurred Claims IP	Incurred Claims OP	Incurred Claims Primary Care (2)	Incurred Claims Other M/S	Incurred Claims Rx	Loss Ratio
1 (oldest)	03/31/2009	-	-	-	-	-	-	-	-	-	-
2	06/30/2009	-	-	-	-	-	-	-	-	-	-
3	09/30/2009	10	535	184,026	193,538	34,658	44,094	12,328	55,259	47,199	105%
4	12/31/2009	12	1,447	430,095	507,127	49,370	138,747	29,360	211,064	78,587	118%
5	03/31/2010	52	2,474	865,987	993,466	146,144	263,403	72,823	356,648	154,448	115%
6											
7											
8											

Prospective Information

Trend Factors for Projection Purposes (Annualized)

2011

	IP	OP	Primary Care	Other M/S	Rx
Total	12.2%	11.2%	9.0%	8.6%	9.1%
Price Only	7.6%	7.2%	5.9%	3.4%	6.6%
Utilization (3)	4.3%	3.8%	3.0%	5.0%	2.3%

Total Medical	Total Rx	Medical + Rx
10.4%	9.1%	10.2%

The following items for the period to which the rate filing applies, by quarter:

Quarter	Beginning Date	Average % Rate Increase (4)	Expected Medical Loss Ratio	Expected Contribution to Reserves	Administrative Expense Per Contract Per Month (5)	Average Commissions as PCPM or Percent
1	01/01/2011	11.5%	86.50%	0.00%	10.00%	3.50%
2	04/01/2011	12.0%	86.50%	0.00%	10.00%	3.50%
3	07/01/2011	10.8%	86.50%	0.00%	10.00%	3.50%
4	10/01/2011	10.8%	86.50%	0.00%	10.00%	3.50%

Notes:
(1) THP's RI claims data is not credible, therefore it is not used in rate factor development
(2) Reflects office visit expenses for both PCP and Specialist
(3) Utlization trend includes mix of services
(4) Large group rate increase is based on the manual rate increase only
(5) Includes 8% administrative expense and 2% premium tax. In the event that Rhode Island or the federal government enacts increases in premium taxes and/or assessments, Tufts Health Plan reserves the right to modify our retention load to include these changes

Tufts Insurance Company

Small Group Rate Filing -- Effective Date January 1, 2011

Historical Information

Experience Period for Developing Rates (1)

From	To
N/A	N/A

Utilization Data by Quarter (Last 8 available quarters)

Quarter	End Date	IP Days	Member Months	Earned Premium	Incurred Claims Total	Incurred Claims IP	Incurred Claims OP	Incurred Claims Primary Care (2)	Incurred Claims Other M/S	Incurred Claims Rx	Loss Ratio
1 (oldest)	03/31/2009	76	1,102	405,221	706,779	469,580	56,580	28,501	113,931	38,187	174%
2	06/30/2009	130	3,007	1,042,273	1,352,875	576,682	177,506	72,851	416,269	109,568	130%
3	09/30/2009	36	3,800	1,293,844	963,922	140,893	272,671	94,882	318,947	136,529	75%
4	12/31/2009	127	4,271	1,462,413	1,263,134	323,073	250,486	112,260	416,300	161,014	86%
5	03/31/2010	26	3,825	1,290,785	952,458	125,150	246,625	115,497	316,294	148,892	74%
6											
7											
8											

Prospective Information

Trend Factors for Projection Purposes (Annualized)

2011

	IP	OP	Primary Care	Other M/S	Rx
Total	12.2%	11.2%	9.0%	8.6%	9.1%
Price Only	7.6%	7.2%	5.9%	3.4%	6.6%
Utilization (3)	4.3%	3.8%	3.0%	5.0%	2.3%

Total Medical	Total Rx	Medical + Rx
10.4%	9.1%	10.2%

The following items for the period to which the rate filing applies, by quarter:

Quarter	Beginning Date	Average % Rate Increase	Expected Medical Loss Ratio	Expected Contribution to Reserves	Administrative Expense Per Contract Per Month(4)	Average Commissions as PCPM or Percent
1	01/01/2011	12.7%	85.72%	0.00%	10.28%	4.00%
2	04/01/2011	13.1%	85.72%	0.00%	10.28%	4.00%
3	07/01/2011	11.8%	85.72%	0.00%	10.28%	4.00%
4	10/01/2011	11.8%	85.72%	0.00%	10.28%	4.00%

Notes:

(1) THP's RI claims data is not credible, therefore it is not used in rate factor development

(2) Reflects office visit expenses for both PCP and Specialist

(3) Utlization trend includes mix of services

(4) Includes 8% administrative expense and 2.28% premium tax. In the event that Rhode Island or the federal government enacts increases in premium taxes and/or assessments, Tufts Health Plan reserves the right to modify our retention load to include these changes

Tufts Insurance Company

Large Group Rate Filing -- Effective Date January 1, 2011

Historical Information

Experience Period for Developing Rates (1)

From	To
N/A	N/A

Utilization Data by Quarter (Last 8 available quarters)

Quarter	End Date	IP Days	Member Months	Earned Premium	Incurred Claims Total	Incurred Claims IP	Incurred Claims OP	Incurred Claims Primary Care (2)	Incurred Claims Other M/S	Incurred Claims Rx	Loss Ratio
1 (oldest)	03/31/2009	82	2,357	895,234	774,362	167,887	240,436	61,773	187,875	116,391	86%
2	06/30/2009	139	4,984	1,886,389	1,434,114	301,607	345,660	133,987	369,061	283,799	76%
3	09/30/2009	166	6,727	2,578,593	2,578,871	964,856	513,004	174,488	536,883	389,640	100%
4	12/31/2009	194	7,478	2,842,178	2,596,509	488,599	603,859	212,850	802,042	489,160	91%
5	03/31/2010	223	9,088	3,520,824	3,272,438	914,288	670,213	284,723	867,027	536,187	93%
6											
7											
8											

Prospective Information

Trend Factors for Projection Purposes (Annualized)

2011

	IP	OP	Primary Care	Other M/S	Rx
Total	12.2%	11.2%	9.0%	8.6%	9.1%
Price Only	7.6%	7.2%	5.9%	3.4%	6.6%
Utilization (3)	4.3%	3.8%	3.0%	5.0%	2.3%

Total Medical	Total Rx	Medical + Rx
10.4%	9.1%	10.2%

The following items for the period to which the rate filing applies, by quarter:

Quarter	Beginning Date	Average % Rate Increase (4)	Expected Medical Loss Ratio	Expected Contribution to Reserves	Administrative Expense Per Contract Per Month (5)	Average Commissions as PCPM or Percent
1	01/01/2011	11.9%	86.22%	0.00%	10.28%	3.50%
2	04/01/2011	12.3%	86.22%	0.00%	10.28%	3.50%
3	07/01/2011	11.1%	86.22%	0.00%	10.28%	3.50%
4	10/01/2011	11.2%	86.22%	0.00%	10.28%	3.50%

Notes:

(1) THP's RI claims data is not credible, therefore it is not used in rate factor development

(2) Reflects office visit expenses for both PCP and Specialist

(3) Utlization trend includes mix of services

(4) Large group rate increase is based on the manual rate increase only

(5) Includes 8% administrative expense and 2.28% premium tax. In the event that Rhode Island or the federal government enacts increases in premium taxes and/or assessments, Tufts Health Plan reserves the right to modify our retention load to include these changes

Tufts Associated Health Maintenance Organizations, Inc. and Tufts Insurance Company
Question 3 for the Administrative Costs Survey

At the request of OHIC's Health Insurance Advisory Council, please provide brief answers to the following questions

It is important to note that in 2009, Tufts Health Plan re-entered the Rhode Island marketplace. Therefore, on a pmpm basis, administrative costs were unusually high due to costs of entry that were not shared over greater membership and other diseconomies of scale.

- **In general and net of new taxes and fees, why should the rate of increase in Health Plan administrative costs exceed the general inflation rate?**

  Administrative expenses in total in a given year are adjusted for inflation, membership growth or loss and increases or decreases in corporate projects, which are often driven by regulatory requirements and government mandates. As a general practice, to set administrative expense targets for annual financial plan, fixed administrative costs are grown at an inflationary rate. Variable administrative costs are then developed by applying inflation to the variable pmpm rate and then multiplied the inflated pmpm rate by planned member months. While those are the initial steps to develop targets, each administrative function is reviewed in detail to identify potential administrative cost savings and targets are adjusted accordingly.

- **What percentage of administrative costs does your organization consider fixed for the next five years? Provide detail by expense categories.**

  For the total company, we currently consider 58% of our costs fixed. Because 2009 was the first year of operations in Rhode Island, the percentages by expense categorization are not representative of steady state operations.

- **What administrative services are used by fully insured members that are not used by self-insured clients (e.g. broker commissions) and what are the estimated total costs ($pmpm) for those services?**

  Administrative costs for fully insured membership include expenses associated with medical cost containment ($5.33 pmpm), whereas in most cases self-insured clients bear these costs directly. Broker commissions ($17.40 pmpm) are also not applicable to self-insured clients.

- **What does your plan use as its pmpm benchmarks or price points for commercial insurance administrative costs and why?**

  We are currently participating in the benchmarking survey used to develop the *Sherlock Expense Evaluation Reports* (SEER) which are viewed as the definitive benchmarks for the functional areas of health plan administration. The Sherlock Expense Evaluation Reports (SEER) supply comprehensive and highly granular financial and operational metrics.

To: Health Plan Contacts for Rate Factor Filings
From: John Cogan, Office of the Health Insurance Commissioner
Date: April 23, 2010

Re: Resources for Health System Improvements - Survey

OHIC Regulation Two lists standards to be used by the Health Insurance Commissioner for the assessment of the conduct of Health Plans for their efforts aimed at Improving the Efficiency and Quality of Health Care Delivery and Increasing Access to Health Care Services. The standards include the following plan activities:

1. Directing resources, including financial contributions, toward system-wide improvements in the state's health care system related to quality, access and efficiency, including providing support to local collaboratives, organizations and initiatives that promote quality, access and efficiency.

2. Participating in the development and implementation of public policy issues related to health.

To assist the Commissioner in this assessment, as part the rate factor filing process, please itemize and quantify your organization's contributions of finances and other material assets to these efforts in Rhode Island in calendar year 2009 in the following table[1].

System-wide improvement activity	**Brief description of activity**	**Value of 2009 Plan contributions**
N/A*		

[1] The contributions can be to an entity other than a provider to improve medical and prevention services for all Rhode Islanders and to promote a coherent, integrated and efficient statewide healthcare system.

System-wide improvement activity	Brief description of activity	Value of 2009 Plan contributions

* Tufts Health Plan just began offering coverage in the Rhode Island market in 2009. Although we have been actively engaged with planning associated with the affordability standards and other initiatives, financial contributions did not begin until 2010.

Thank you for your cooperation.

OHIC - April 2010
Large and Small Group Rate Factor Review
Survey: Provider Contracting Practices.

Background

The Health Insurance Advisory Council of the Office of the Health Insurance Commissioner has promulgated Affordability Priorities for Commercial Health Insurers in Rhode Island:

> *Health plans will improve the affordability of health care in Rhode Island by focusing their efforts upon provider payment reform, beginning with primary care. Achievement of this goal will not add to overall medical spend in the short-term, and is expected to produce savings thereafter. Specific areas of focus in support of this goal are as follows:*
>
> 1. *Expand and improve the primary care infrastructure in the state -- with limitations on ability to pass on cost in premiums*
> 2. *Spread Adoption of the "Chronic Care Model" Medical Home*
> 3. *Standardize electronic medical record (EMR) incentives*
> 4. *Work toward comprehensive payment reform across the delivery system*

Provider Payment Reform efforts are proposed by experts to address weaknesses in the current payment mechanisms by promoting improved population health and improved medical care quality and efficiency – and promoting the activities that produce those results. This survey seeks to assist insurers in this work by identifying a base line in Rhode Island against which provider payment reform implementation will be assessed. Results will be tabulated and published in an aggregated report.

Directions:

1. Please fill out all parts of survey.
2. As no providers are identified and no financial details are solicited, none of this information will be considered proprietary or confidential.
3. Please contact the Office of the Health Insurance Commissioner with any questions.

OHIC - April 2010
Survey: Provider Contracting Practices (cont'd)

General comment:

Tufts Health Plan has a long time commitment to investment in payer-provider incentive alignment, and we maintain hospital and physician incentive programs that apply to the vast majority of our network providers. As a relatively new entrant into the RI market, we are at an early stage of incorporating incentive mechanisms into our RI provider contracts. Provider incentive will be a key component of our contracting strategy as we grow our presence in the state of RI.

Part 1. Hospital Inpatient Services

- To be filled out for each general service (no specialty care, no rehab) institution with whom you contract in the state.
- Institution means hospital system if all contractual terms other than $ amounts apply identically across all inpatient facilities in the contract.
- Incentives refer to activities or measures resulting in additional payments by the insurer.

Institution/ System	Duration of Current Contract from inception (years)	Unit of Payment for Services (check all that apply)	Does Contract have provision for additional outlier payments and/or severity adjusters (y/n) and any comments	Are there Quality or Customer Service Incentives in Contract (y/n)[1]?	Utilization Incentives in Contract: (check all that apply)	Does contract have provision for additional payments to attain revenue targets(y/n) and any comments ?	Comments
1	3 years	x DRG x Per Diem __% of Charges __ Bundled Services __ Capitation or other budgeting __Others (please specify)		Yes If yes - %of total payments for inpatient services in CY 2009 spent on quality incentive payments. [2] 0~2%	__ admission reductions x day reductions __Others (please specify) Incentive payments 0~3%_____	No	

[1] Examples include supplemental payments beyond base fees for Bridges to Excellence Measure, Medicare Compare measures, HIT adoption, or customer satisfaction measures.
[2] % for Incentive Payments plus % for Services = 100%. Incentive payments not specified for inpatient or outpatient should be classified as inpatient.

OHIC - April 2010
Survey: Provider Contracting Practices (cont'd)

Institution/ System	Duration of Current Contract from inception (years)	Unit of Payment for Services (check all that apply)	Does Contract have provision for additional outlier payments and/or severity adjusters (y/n) and any comments	Are there Quality or Customer Service Incentives in Contract (y/n)[1]?	Utilization Incentives in Contract: (check all that apply)	Does contract have provision for additional payments to attain revenue targets(y/n) and any comments ?	Comments
2	3 years	x DRG x Per Diem __% of Charges __ Bundled Services __ Capitation or other budgeting __Others (please specify)	Yes to additional outlier provision	Yes If yes - %of total payments for inpatient services in CY 2009 spent on quality incentive payments. 0.5~1.0%____	__ admission reductions __ day reductions __Others (please specify)	No	
3	3 years	__DRG __Per Diem x % of Charges __ Bundled Services __ Capitation or other budgeting __Others (please specify)	No	Yes If yes - %of total payments for inpatient services in CY 2009 spent on quality incentive payments. 0.1~0.5%	__ admission reductions __ day reductions __Others (please specify)	No	
4	3 years	__DRG x Per Diem __% of Charges __ Bundled Services __ Capitation or other budgeting __Others (please specify)	Yes to additional outlier provision	No If yes - %of total payments for inpatient services in CY 2009 spent on quality incentive payments. _____	__ admission reductions __ day reductions __Others (please specify)	No	

Institution/ System	Duration of Current Contract from inception (years)	Unit of Payment for Services (check all that apply)	Does Contract have provision for additional outlier payments and/or severity adjusters (y/n) and any comments	Are there Quality or Customer Service Incentives in Contract (y/n)[1]?	Utilization Incentives in Contract: (check all that apply)	Does contract have provision for additional payments to attain revenue targets(y/n) and any comments ?	Comments
5	2 years	__DRG __Per Diem x % of Charges __ Bundled Services __ Capitation or other budgeting __Others (please specify)		No If yes - %of total payments for inpatient services in CY 2009 spent on quality incentive payments. _____	__ admission reductions __ day reductions __Others (please specify)	No	
6	1 year	__DRG __Per Diem x % of Charges __ Bundled Services __ Capitation or other budgeting __Others (please specify)		No If yes - %of total payments for inpatient services in CY 2009 spent on quality incentive payments. _____	__ admission reductions __ day reductions __Others (please specify)	No	
7	2 years	__DRG x Per Diem __% of Charges __ Bundled Services __ Capitation or other budgeting __Others (please specify)	Yes to additional outlier provision	No If yes - %of total payments for inpatient services in CY 2009 spent on quality incentive payments. _____	__ admission reductions __ day reductions __Others (please specify)	No	

OHIC - April 2010
Survey: Provider Contracting Practices (cont'd)

Institution/ System	Duration of Current Contract from inception (years)	Unit of Payment for Services (check all that apply)	Does Contract have provision for additional outlier payments and/or severity adjusters (y/n) and any comments	Are there Quality or Customer Service Incentives in Contract (y/n)[1]?	Utilization Incentives in Contract: (check all that apply)	Does contract have provision for additional payments to attain revenue targets(y/n) and any comments ?	Comments
8	3 years	__DRG x Per Diem __% of Charges __ Bundled Services __ Capitation or other budgeting __Others (please specify)	Yes to additional outlier provision	No If yes - %of total payments for inpatient services in CY 2009 spent on quality incentive payments. _____	__ admission reductions __ day reductions __Others (please specify)	No	

Additional Questions for Hospital Inpatient Services

1. List the five most common areas of quality and service incentives in your company's inpatient contracts:
   (These measures apply to our hospital contracts that combine inpatient and outpatient services.)
   i. Joint Commission measures (e.g., AMI, CHF, pneumonia)
   ii. Leapfrog measures (e.g., CPOD, ICU staffing)
   iii. Prevention of "Never Events"
   iv. Surgical infection rates
   v. Readmission rates

2. Percent of total payments to RI Hospitals for inpatient services in CY 2009 spent on quality incentive payments. 0.5~1%

3. Percent of total payments to RI Hospitals for inpatient services in CY 2009 paid through units of service based on efficient resource use (i.e DRG, Capitation, Bundled Service or partial/global budgeting): <5%

Part 2. Hospital Outpatient Services

- To be filled out for each general service (no specialty care, no rehab) institution with whom you contract in the state. Institution means hospital system if all contractual terms other than dollar amounts apply identically across all inpatient facilities in the contract.
- Outpatient Services include any services not involving an admission and covered under the contract with the institution.

Institution/ System	Unit of Payment for Outpatient Services (check all that apply)	Are there Quality or Customer Service Incentives in Contract (y/n)[3]?	Utilization Incentives in Contract: (check all that apply)	Comments
1	x Procedure-based methodology – using plan, provider or industry coding. . __APC Code __Other (please specify)	Yes If yes - %of total payments for inpatient services in CY 2009 spent on quality incentive payments. [4] 0~2%	__ Visit/Volume Reduction __ Others (please specify)	
2	x Procedure-based methodology – using plan, provider or industry coding. . __APC Code __Other (please specify)	Yes If yes - %of total payments for inpatient services in CY 2009 spent on quality incentive payments. 0.5~1.0%	__ Visit/Volume Reduction __ Others (please specify)	
3	x Procedure-based methodology – using plan, provider or industry coding. . __APC Code __Other (please specify)	Yes If yes - %of total payments for inpatient services in CY 2009 spent on quality incentive payments. 0.1~0.5%	__ Visit/Volume Reduction __ Others (please specify)	
4	x Procedure-based methodology – using plan, provider or industry coding. . __APC Code __Other (please specify)	If yes - %of total payments for inpatient services in CY 2009 spent on quality incentive payments. _____	__ Visit/Volume Reduction __ Others (please specify)	

[3] Examples include supplemental payments beyond base fees for structural changes such as HIT, process measures or customer satisfaction.
[4] % for Incentive Payments plus % for Services = 100%. Incentive payments not specified for inpatient or outpatient should be classified as inpatient.

Institution/ System	Unit of Payment for Outpatient Services (check all that apply)	Are there Quality or Customer Service Incentives in Contract (y/n)[3]?	Utilization Incentives in Contract: (check all that apply)	Comments
5	x Procedure-based methodology – using plan, provider or industry coding. . __APC Code __Other (please specify)	If yes - %of total payments for inpatient services in CY 2009 spent on quality incentive payments. _____	__ Visit/Volume Reduction __ Others (please specify)	
6	x Procedure-based methodology – using plan, provider or industry coding. . __APC Code __Other (please specify)	If yes - %of total payments for inpatient services in CY 2009 spent on quality incentive payments. _____	__ Visit/Volume Reduction __ Others (please specify)	
7	x Procedure-based methodology – using plan, provider or industry coding. . __APC Code __Other (please specify)	If yes - %of total payments for inpatient services in CY 2009 spent on quality incentive payments. _____	__ Visit/Volume Reduction __ Others (please specify)	
8	x Procedure-based methodology – using plan, provider or industry coding. . __APC Code __Other (please specify)	If yes - %of total payments for inpatient services in CY 2009 spent on quality incentive payments. _____	__ Visit/Volume Reduction __ Others (please specify)	

Additional Questions for Hospital Outpatient Services

1. List the five most common areas of quality and service incentives in your company's hospital outpatient contracts:
   (These measures apply to our hospital contracts that combine inpatient and outpatient services.)
   i. Joint Commission measures (e.g., AMI, CHF, pneumonia)
   ii. Leapfrog measures (e.g., CPOD, ICU staffing)
   iii. Prevention of "Never Events"

iv.Surgical infection rates
v. Readmission rates

2. Percent of total payments to RI Hospitals for outpatient services in CY 2009 spent on quality incentive payments. 0.5~1%

3. Percent of total payments to RI Hospitals for inpatient services in CY 2009 paid through units of service based on efficient resource use (i.e APC, Bundled Services or partial/global budgeting): n/a

Part 3: Professional Groups

- "Professional Groups" is defined as non institutional/non facility groups with a valid contract and a single tax id number.
- Please provide for the top 10 groups (measured by $ paid in 2009).

Group	Specialty Type	Unit of Payment for Services (check all that apply)	Are there Quality or Customer Service Incentives in Contract (y/n)[5]?	Utilization Incentives in Contract: (check all that apply)	Comments
1	Multi-specialty	x Procedure-based methodology – using CPT, plan, provider or other coding. . __APC Code __ Full/ Partial Capitation __Other (please specify)	No If yes - %of total payments for inpatient services in CY 2009 spent on quality incentive payments. [6] _____	__ Visit/Volume Reduction __use of ancillary/referred services __ use of diagnostic tests __ over all efficiency of care __ use of pharmacy services _ Others (please specify)	
2	Multi-specialty	__ Procedure-based methodology – using CPT, plan, provider or other coding. . __APC Code	No If yes - %of total payments for	__ Visit/Volume Reduction __use of ancillary/referred services __ use of diagnostic tests __ over all efficiency of care	

[5] Examples include supplemental payments beyond base fees for EMR adoption, structural changes, accreditation, process measures or patient satisfaction.
[6] % for Incentive Payments plus % for Services = 100%. Incentive payments not specified for inpatient or outpatient should be classified as inpatient.

Group	Specialty Type	Unit of Payment for Services (check all that apply)	Are there Quality or Customer Service Incentives in Contract (y/n)[5]?	Utilization Incentives in Contract: (check all that apply)	Comments
		__ Full/ Partial Capitation __Other (please specify)	inpatient services in CY 2009 spent on quality incentive payments. _____	__ use of pharmacy services __ Others (please specify)	
3	Multi-specialty	__ Procedure-based methodology – using CPT, plan, provider or other coding. . __APC Code __ Full/ Partial Capitation __Other (please specify)	Yes If yes - %of total payments for inpatient services in CY 2009 spent on quality incentive payments. ~1%_____	x Visit/Volume Reduction __use of ancillary/referred services __ use of diagnostic tests __ over all efficiency of care __ use of pharmacy services __ Others (please specify)	
4	Multi-specialty	__ Procedure-based methodology – using CPT, plan, provider or other coding. . __APC Code __ Full/ Partial Capitation __Other (please specify)	No If yes - %of total payments for inpatient services in CY 2009 spent on quality incentive payments. _____	__ Visit/Volume Reduction __use of ancillary/referred services __ use of diagnostic tests __ over all efficiency of care __ use of pharmacy services __ Others (please specify)	
5	Primary Care	__ Procedure-based methodology – using CPT, plan, provider or other coding. . __APC Code __ Full/ Partial Capitation __Other (please specify)	No If yes - %of total payments for inpatient services in CY 2009 spent on quality incentive payments. _____	__ Visit/Volume Reduction __use of ancillary/referred services __ use of diagnostic tests __ over all efficiency of care __ use of pharmacy services __ Others (please specify)	
6	Primary Care	__ Procedure-based methodology – using CPT, plan, provider or other coding. . __APC Code __ Full/ Partial Capitation __Other (please specify)	Yes If yes - %of total payments for inpatient services in CY 2009 spent on quality incentive payments. 0~5%	x Visit/Volume Reduction __use of ancillary/referred services __ use of diagnostic tests __ over all efficiency of care x use of pharmacy services x Others (please specify)	Quality/Member Satisfaction

Group	Specialty Type	Unit of Payment for Services (check all that apply)	Are there Quality or Customer Service Incentives in Contract (y/n)[5]?	Utilization Incentives in Contract: (check all that apply)	Comments
7	Sub - Specialty	__ Procedure-based methodology – using CPT, plan, provider or other coding. . __APC Code __ Full/ Partial Capitation __Other (please specify)	If yes - %of total payments for inpatient services in CY 2009 spent on quality incentive payments. _~5%_____	__ Visit/Volume Reduction __use of ancillary/referred services __ use of diagnostic tests __ over all efficiency of care x use of pharmacy services __ Others (please specify)	Generic persciption
8	Sub - Specialty	__ Procedure-based methodology – using CPT, plan, provider or other coding. . __APC Code __ Full/ Partial Capitation __Other (please specify)	If yes - %of total payments for inpatient services in CY 2009 spent on quality incentive payments. _____	__ Visit/Volume Reduction __use of ancillary/referred services __ use of diagnostic tests __ over all efficiency of care __ use of pharmacy services __ Others (please specify)	
9	Sub - Specialty	__ Procedure-based methodology – using CPT, plan, provider or other coding. . __APC Code __ Full/ Partial Capitation __Other (please specify)	If yes - %of total payments for inpatient services in CY 2009 spent on quality incentive payments. _____	__ Visit/Volume Reduction __use of ancillary/referred services __ use of diagnostic tests __ over all efficiency of care __ use of pharmacy services __ Others (please specify)	
10	Multi-specialty	__ Procedure-based methodology – using CPT, plan, provider or other coding. . __APC Code __ Full/ Partial Capitation __Other (please specify)	If yes - %of total payments for inpatient services in CY 2009 spent on quality incentive payments. _____	__ Visit/Volume Reduction __use of ancillary/referred services __ use of diagnostic tests __ over all efficiency of care __ use of pharmacy services __ Others (please specify)	

Additional Questions for Professional Groups

1. List the five most common areas of quality and service incentives in your company's professional group contracts:
   i. HEDIS (diabetes, breast cancer screening, colonoscopy, etc.)
   ii. HCHAPS
   iii. EMR adoption
   iv. Inpatient and ER use
   v. Rx Management

2. Percent of total payments to these ten professional groups in CY 2009 spent on quality incentive payments. ___<1%_____

3. Percent of total payments to these ten professional groups in CY 2009 paid through units of service based on efficient resource use (i.e APC, Bundled Services or partial/global budgeting): ___n/a_____

Actuarial Memorandum

Tufts Associated Health Maintenance Organizations, Inc. and Tufts Insurance Company
Rhode Island Small Group and Large Group – Rate Filing

This actuarial memorandum documents the development of Tufts Health Plan's (THP) rate factors to be effective January 1, 2011.

THP entered into the Rhode Island market on January 1, 2009. As of May 2010, there are only 15 months of claims experience data with one month of run-out. The actual claims experience is not credible enough to develop separate RI trend factors.

In developing 2011 trends, we have employed the same methodology as used in previous filings. The unit cost trends are developed based on the existing Rhode Island provider contracts and expected contractual increases. The utilization trends are based on the Massachusetts utilization trends, which are developed using 36 months of historical utilization experience in over 40 different service categories. Utilization trends are adjusted for mix of services, demographic changes and business mix.

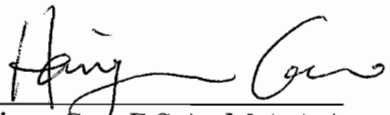
With respect to administrative charges, we are not reflecting our higher projected actual costs, but rather assume an administration charge of 8% which is appropriate for a fully mature block of business.

Total retention charges include broker commissions and premium tax. The majority of the THP business is through a broker distribution channel. THP broker commission payments are determined on a graduated scale. Most, if not all, Small Group premium will yield a broker commission payment of 4.0% of premium. For Large Group, we project broker commissions based upon membership mix in 2011, which results in a commission payment of 3.5% of premium.

Premium tax for TICO products changed from 2.00% to 2.28%. The tax return states that the Rhode Island premium tax shall not be less than the amount computed in accordance with the retaliatory provision. As Massachusetts premium tax is 2.28% for TICO, we are obliged to pay 2.28% premium tax for TICO in Rhode Island. Note that we are assuming 0% contribution to reserves.

The premium rate increases shown in the filing are developed by comparing the trended manual rate for each future month to the manual rate for the same month in the previous year. Therefore, the Large Group rate increases do not reflect the impact of group-specific experience. The assessments charged by the Department of Health for the Children's Health account and by the Department of Human Services for Child and Adult immunizations were first reflected in July 2010 rates. Due to the timing of these assessments, the premium rate increases before July 2011 emerge higher than the premium rate increases on and after July 2011.

I certify that the proposed rate factors were developed using sound actuarial assumptions and methodologies.



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Manager
Tufts Health Plan

May 17, 2010
Date 5/17/2010